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11	IN THE UNITED STATES DISTRICT COURT		
12	FOR THE NORTHERN DISTRICT OF CALIFORNIA		
13	SAN FRANC	CISCO DIVISION	
14			
15	PEOPLE OF THE STATE OF		
16	CALIFORNIA,	CASE NO. 3:19-CV-00151	
17	Plaintiff,		
18	v.	FIRST CALIFORNIA PARTIAL CONSENT DECREE	
19	FIAT CHRYSLER AUTOMOBILES		
20	N.V., FCA US LLC, V.M. MOTORI S.p.A., and V.M. NORTH AMERICA,		
21	INC.,		
22	Defendants.		
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25	WHEREAS, Plaintiff the People of the State of California (the "State of California"),		
26	acting by and through Xavier Becerra, Attorney General of the State of California ("the California		
27	Attorney General," as specifically defined below), and the California Air Resources Board		
28	("CARB," as specifically defined below) (coll	ectively "California") filed a complaint (the	

"California Complaint") in this action on January 9, 2019, against Fiat Chrysler Automobiles N.V., FCA US LLC, V.M. Motori S.p.A, and V.M. North America, Inc. (collectively, "Defendants," as defined specifically below), alleging in relevant part that, in connection with the certification, marketing, distribution, and sale in California of approximately 14,000 model year ("MY") 2014 to 2016 Ram 1500 and MY 2014 to 2016 Jeep Grand Cherokee vehicles equipped with 3.0 liter EcoDiesel engines (the "Subject Vehicles," as specifically defined below), Defendants violated 42 U.S.C. § 7604(a)(1); California Health and Safety Code §§ 43016, 43151, 43152, 43153, 43154, 43205, 43211, and 43212; 13 C.C.R. §§ 1961, 1961.2, 1965, 1968.2, and 2037 and the 40 C.F.R. sections incorporated therein by reference; and California Business and Professions Code §§ 17200 et seq., 17500 et seq., and 17580.5 (the "California Claims");

WHEREAS, the California Complaint alleges, in relevant part, that each Subject Vehicle contains, as part of the electronic control module, certain software functions and calibrations that cause the emission control system of those vehicles to perform differently (i.e., to underperform or shut off) during normal vehicle operation and use, as compared to during emissions testing. The California Complaint alleges that these software functions and calibrations are undisclosed Auxiliary Emission Control Devices ("AECDs") in violation of California and federal law, and that they are also prohibited defeat devices under California and federal law. The California Complaint also alleges that during normal vehicle operation and use, the Subject Vehicles emit increased levels of oxides of nitrogen ("NOx"). The California Complaint seeks, among other things, civil penalties, injunctive relief, mitigation, costs and other equitable relief related to the presence of the defeat devices in the Subject Vehicles;

WHEREAS, Defendants and California (together, the "Parties") intend to resolve certain aspects of the California Claims through the entry of a consent decree among the United States, California, and the Defendants (the "FCA/US/CA Consent Decree") concerning the Subject Vehicles, lodged on January 10, 2019, that, among other things, establishes a recall program offering consumers an approved emissions modification to be applied to the Subject Vehicles, establishes a post-entry testing program to ensure continued compliance and durability of modified Subject Vehicles, requires Defendants to implement certain corporate compliance

reforms, and requires Defendants to make a civil penalty payment of \$42,700,000 to CARB and a separate penalty payment of \$3,175,200 to CARB for certain additional on-board diagnostic ("OBD") non-compliances;

WHEREAS, Defendants and California have agreed to resolve certain remaining aspects of the California Claims related to the Subject Vehicles without the need for litigation through this partial consent decree ("First California Partial Consent Decree");

WHEREAS, this First California Partial Consent Decree (referred to herein as the "Consent Decree") provides relief to California in the form of environmental mitigation funds that are intended to fully mitigate the total lifetime excess NOx emissions from Subject Vehicles in California, as claimed by California;

WHEREAS, nothing in this Consent Decree shall constitute an admission of any fact or law by any Party, including as to any factual or legal assertion set forth in the California Complaint, except for the purpose of enforcing the terms or conditions set forth herein;

WHEREAS, the Parties recognize, and the Court by entering this Consent Decree finds, that this Consent Decree has been negotiated by the Parties in good faith and will avoid litigation among the Parties regarding certain aspects of the California Claims, and that this Consent Decree is fair, reasonable, and in the public interest; and

WHEREAS, this Consent Decree and the FCA/US/CA Consent Decree together form an integrated resolution of certain aspects of the California Claims, and that, as set forth herein, this Consent Decree will not become effective unless and until the FCA/US/CA Consent Decree is entered or the Court grants a motion entering the FCA/US/CA Consent Decree.

NOW, THEREFORE, before the taking of any testimony, without the adjudication of any issue of fact or law, and with the consent of the Parties, IT IS HEREBY ADJUDGED, ORDERED, AND DECREED as follows:

I. <u>JURISDICTION AND VENUE</u>

1. The Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331, and over the Parties to the extent limited by this paragraph. Venue lies in this District pursuant to 28 U.S.C. § 1391(b), 28 U.S.C. § 1407, and the MDL Panel's Transfer Order,

dated April 5, 2017. *In re Chrysler-Dodge-Jeep EcoDiesel Mktg., Sales Practices & Prod. Liab. Litig.*, 273 F. Supp. 3d 1377 (U.S. Jud. Pan. Mult. Lit. 2017) (MDL No. 2777). The Court has supplemental jurisdiction over California's state law claims pursuant to 28 U.S.C. § 1367. Defendants consent to the Court's jurisdiction over entry of this Consent Decree and over any action against Defendants to enforce this Consent Decree, and consent to venue in this judicial district for such purposes. Defendants reserve the right to challenge and oppose any claims to jurisdiction by California that (i) do not arise from the Court's jurisdiction over this Consent Decree or (ii) are not made in an action by California to enforce this Consent Decree.

2. Solely for purposes of this Consent Decree, without admission of any legal or factual assertion set forth in the California Complaint, and without prejudice to their ability to contest the legal sufficiency or merits of a complaint in any other proceeding, Defendants do not contest that the California Complaint states claims upon which relief may be granted pursuant to: 42 U.S.C. § 7604(a)(1); California Health and Safety Code §§ 43016, 43151, 43152, 43153, 43154, 43205, 43211, and 43212; 13 C.C.R. §§ 1961, 1961.2, 1965, 1968.2, and 2037, and the 40 C.F.R. sections incorporated therein by reference; and California Business and Professions Code §§ 17200 et seq., 17500 et seq., and 17580.5.

II. <u>APPLICABILITY</u>

- 3. The obligations of this Consent Decree apply to and are binding upon the State of California, including the California Air Resources Board, and upon Defendants, as applicable, and any of their respective successors, assigns, or other entities or persons otherwise bound by law.
- 4. Defendants' obligations to comply with the requirements of this Consent Decree are joint and several. In the event of the insolvency of any Defendant or the failure by any Defendant to implement any requirement of this Consent Decree, the remaining Defendants shall complete all such requirements.
- 5. Defendants shall do all things within their power and authority to ensure that any legal successor or assign of any Defendant shall remain jointly and severally liable for the payment and other performance obligations hereunder. Defendants shall include an agreement to

10. Payments required to be made under this Consent Decree shall be issued to CARB by check, accompanied by a Payment Transmittal Form (which CARB will provide to the addressee listed in Section VI (Notices) after the Effective Date), mailed to:

Air Resources Board, Accounting Branch P.O. Box 1436 Sacramento, CA 95812-1436;

or by wire transfer, in which case Defendants shall use the following wire transfer information and send the Payment Transmittal Form to the above address prior to each wire transfer:

State of California Air Resources Board c/o Bank of America, Inter Branch to 0148 Routing No. 0260-0959-3 Account No. 01482-80005 Notice of Transfer: Yogeeta Sharma Fax: (916) 322-9612

Defendants are responsible for any bank charges incurred for processing wire transfers.

11. For purposes of the identification requirement of Section 162(f)(2)(A)(ii) of the Internal Revenue Code, 26 U.S.C. § 162(f)(2)(A)(ii), performance of Paragraphs 8-10 (California Mitigation Payment) is required to come into compliance with law.

V. <u>EFFECT OF SETTLEMENT/RESERVATION OF RIGHTS</u>

12. Upon the Effective Date, and subject to the reservations in Paragraph 13, Defendants' satisfaction of the requirements in this Consent Decree shall resolve, settle, and release California's claims, asserted by and through CARB, pursuant to the California Health and Safety Code for further injunctive relief to fully mitigate the total lifetime excess emissions in California from the Subject Vehicles against Defendants, their successors, and all affiliates, parents, or subsidiaries of Defendants identified in Appendix F of the FCA/US/CA Consent Decree ("Appendix F"), and any present or former directors, officers, or employees of Defendants or their affiliates, parents, or subsidiaries identified in Appendix F, provided that such persons were acting within the scope of their employment, for: (a) the violations alleged in the California Complaint, (b) violations arising from or relating to the Original Configuration of the emission control system for the Subject Vehicles, (c) violations arising from or relating to the adjustment factor for infrequent regeneration of the DPF System in the Subject Vehicles, and (d) violations

- 15. This Consent Decree, including the release set forth in Paragraph 12, does not modify, abrogate, or otherwise limit the injunctive and other relief to be provided by Defendants under, nor any obligation of any party or person under, the FCA/US/CA Consent Decree.
- 16. By entering into this Consent Decree, California is not enforcing the laws of other countries, including the emissions laws or regulations of any jurisdiction outside the United States. Nothing in this Consent Decree is intended to apply to, or affect, Defendants' obligations under the laws or regulations of any jurisdiction outside the United States. At the same time, the laws and regulations of other countries shall not affect Defendants' obligations under this Consent Decree.
- 17. This Consent Decree shall not be construed to limit the rights of California to obtain penalties or injunctive relief, except as specifically provided in Paragraph 12. California further reserves all legal and equitable remedies to address any imminent and substantial endangerment to the public health or welfare or the environment arising at any of Defendants' facilities, or posed by the Subject Vehicles, whether related to the violations addressed in this Consent Decree or otherwise.
- 18. In any subsequent judicial proceeding initiated by California for injunctive relief, civil penalties, or other relief, Defendants shall not assert, and may not maintain, any defense or claim based upon the principles of waiver, res judicata, collateral estoppel, issue preclusion, claim preclusion, claim-splitting, or other defenses based upon any contention that the claims raised by California in the subsequent proceeding were or should have been brought in the instant case, except with respect to the claims that have been specifically released pursuant to Paragraph 12.
- 19. This Consent Decree is not a permit, or a modification of any permit, under any federal, State, or local laws or regulations. Defendants are each responsible for achieving and maintaining complete compliance with all applicable federal, State, and local laws, regulations, and permits; and Defendants' compliance with this Consent Decree shall be no defense to any action commenced pursuant to any such laws, regulations, or permits, except as set forth herein. California does not, by its consent to the entry of this Consent Decree, warrant or aver in any manner that Defendants' compliance with any aspect of this Consent Decree will result in

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VII. <u>EFFECTIVE DATE</u>

26. The Effective Date of this Consent Decree shall be deemed to be the Effective Date of the FCA/US/CA Consent Decree. If the Effective Date of the FCA/US/CA Consent Decree occurs before this Consent Decree is entered or the Court grants a motion to enter this Consent Decree, the Parties shall have no obligations under this Consent Decree until it is entered or the Court grants a motion to enter this Consent Decree.

VIII. <u>RETENTION OF JURISDICTION</u>

27. The Court shall retain jurisdiction over this case until termination of this Consent Decree, for the purpose of resolving disputes arising under this Consent Decree, entering orders modifying this Consent Decree, or effectuating or enforcing compliance with the terms of this Consent Decree.

IX. SIGNATORIES/SERVICE

- 28. Each undersigned representative of Defendants and California certifies that he or she is fully authorized to enter into the terms and conditions of this Consent Decree and to execute and legally bind the Party he or she represents to this document. The California Attorney General and CARB represent that they have the authority to execute this Consent Decree on behalf of the State of California and that, upon entry, this Consent Decree is a binding obligation enforceable against the State of California under applicable law.
- 29. This Consent Decree may be signed in counterparts, and its validity shall not be challenged on that basis. For purposes of this Consent Decree, a signature page that is transmitted electronically (*e.g.*, by facsimile or e-mailed "PDF") shall have the same effect as an original.

X. <u>INTEGRATION</u>

30. This Consent Decree constitutes the final, complete, and exclusive agreement and understanding among the Parties with respect to the settlement embodied in this Consent Decree and supersedes all prior agreements and understandings, whether oral or written, concerning the settlement embodied herein, with the exception of the FCA/US/CA Consent Decree. The Parties acknowledge that there are no documents, representations, inducements, agreements,

1	understandings or promises that constitute any part of this Consent Decree or the settlement it
2	represents other than those expressly contained or referenced in this Consent Decree.
3	XI. MODIFICATION
4	31. The terms of this Consent Decree may be modified only by a subsequent written
5	agreement signed by the Parties. Where the modification constitutes a material change to this
6	Decree, it shall be effective only upon approval by the Court. California will file any non-
7	material modifications with the Court.
8	XII. <u>TERMINATION</u>
9	32. Termination of this Consent Decree shall occur upon Defendants' submission of
10	the California Mitigation Payment and any stipulated penalties required under Paragraphs 8
11	and 9.
12	XIII. <u>FINAL JUDGMENT</u>
13	Upon approval and entry of this Consent Decree by the Court, this Consent
14	Decree shall constitute a final judgment of the Court as to California and the Defendants. The
15	Court finds that there is no just reason for delay and therefore enters this judgment as a final
16	judgment under Fed. R. Civ. P. 54 and 58.
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19	Dated and entered this study of May, 2019.
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1		ATE OF CALIFORNIA BY AND THROUGH THE S BOARD AND XAVIER BECERRA, ATTORNEY
2	GENERAL OF THE STATE OF	
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4	Jan. 9, 2019 Date	JUDITH A. FIORENTINI
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1 2 Date MARY D. NICHOLS Chair California Air Resources Board	
Date MARY D. NICHOLS Chair	0
4 1001 I Street	
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6 19/2019 /////	
Date RICHARD W. COREY	
Executive Officer California Air Resources Board	
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Date Date ELLEN M. PETER	
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